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To: Hospital CFOs
Cc: Case Mix Liaisons, Hospital Quality Contacts
From: Alyson Schuster, Ph.D., Associate Director, Performance Measurement
Date: July 2, 2018
Re: Rate Year 2019 Potentially Avoidable Utilization Revenue Adjustments

This memorandum provides the hospital's final results and revenue adjustments applied for Rate Year 2019 for the Potentially Avoidable Utilization (PAU) Savings Policy.

Potentially Avoidable Utilization (PAU) Savings Adjustments

At the June meeting, the Commission approved recommendations for the RY 2019 PAU Savings Policy adjustment. The RY 2019 PAU Savings Policy continues to align with the PAU definitions used in the market shift adjustments, which is comprised of readmissions and Prevention Quality Indicator¹ (PQI) admissions. The statewide savings percentage was approved at 1.75 percent, which is a 0.30 percent net reduction compared to RY 2018. Hospitals with higher socio-economic burden, as measured by percent of Medicaid/self-pay charity equivalent case-mix adjusted discharges (ECMADs), receive the statewide average reduction if their savings adjustments are greater than the statewide average.

Additional details regarding PAU Shared Savings are available in the final recommendation posted on the HSCRC website. Appendix A shows the individual hospital PAU results and Appendix B shows the individual hospital PAU shared savings adjustments.

If you have any questions, please email the quality team at hsrc.quality@maryland.gov

¹ The RY2019 results use the PQI software version 7.0.1, which updates ICD-10 logic for multiple PQIs. The PQI software can be accessed at <http://www.qualityindicators.ahrq.gov/Archive/default.aspx#pqi>

Appendix A. Rate Year 2019 PAU Results by Hospital

Hosp ID	Hospital Name	Non-PAU Revenue A	Readmission Revenue B	PQI Revenue C	Total PAU Revenue D=B+C	Total Hospital Revenue E=A+D	% Readmission F=B/E	% PQI G=C/E	% PAU H=F+G
210001	Meritus	\$285,635,783	\$25,133,325	\$19,360,795	\$44,494,120	\$330,129,902	7.61%	5.86%	13.48%
210002	UMMC	\$1,508,208,262	\$105,633,803	\$32,837,109	\$138,470,912	\$1,646,679,175	6.41%	1.99%	8.41%
210003	UM-PGHC	\$257,166,795	\$26,032,263	\$15,523,672	\$41,555,934	\$298,722,730	8.71%	5.20%	13.91%
210004	Holy Cross	\$456,540,898	\$37,974,537	\$17,771,656	\$55,746,193	\$512,287,091	7.41%	3.47%	10.88%
210005	Frederick	\$301,668,381	\$26,139,960	\$23,078,215	\$49,218,175	\$350,886,556	7.45%	6.58%	14.03%
210006	UM-Harford	\$88,978,098	\$10,527,917	\$7,108,832	\$17,636,749	\$106,614,847	9.87%	6.67%	16.54%
210008	Mercy	\$502,751,428	\$18,289,611	\$9,991,886	\$28,281,497	\$531,032,925	3.44%	1.88%	5.33%
210009	Johns Hopkins	\$2,204,647,494	\$168,753,132	\$47,311,261	\$216,064,393	\$2,420,711,887	6.97%	1.95%	8.93%
210010	UM-Dorchester	\$41,315,427	\$4,373,241	\$3,726,824	\$8,100,065	\$49,415,493	8.85%	7.54%	16.39%
210011	St Agnes	\$368,998,271	\$35,227,134	\$28,156,897	\$63,384,031	\$432,382,302	8.15%	6.51%	14.66%
210012	Sinai	\$708,583,403	\$42,755,341	\$26,496,911	\$69,252,252	\$777,835,655	5.50%	3.41%	8.90%
210013	Bon Secours	\$86,290,727	\$15,222,821	\$6,306,890	\$21,529,711	\$107,820,438	14.12%	5.85%	19.97%
210015	MedStar Fr Sq	\$446,053,268	\$44,458,713	\$31,801,020	\$76,259,733	\$522,313,001	8.51%	6.09%	14.60%
210016	Wash Adventist	\$235,717,043	\$21,274,073	\$15,251,230	\$36,525,303	\$272,242,346	7.81%	5.60%	13.42%
210017	Garrett	\$50,771,448	\$1,441,521	\$2,951,096	\$4,392,618	\$55,164,066	2.61%	5.35%	7.96%
210018	MedStar Mont	\$158,627,803	\$13,161,523	\$8,562,915	\$21,724,438	\$180,352,241	7.30%	4.75%	12.05%
210019	Peninsula	\$400,062,315	\$28,311,939	\$18,732,668	\$47,044,607	\$447,106,921	6.33%	4.19%	10.52%
210022	Suburban	\$284,225,507	\$19,974,015	\$11,474,076	\$31,448,091	\$315,673,599	6.33%	3.63%	9.96%
210023	Anne Arundel	\$563,963,503	\$28,055,312	\$25,670,593	\$53,725,904	\$617,689,407	4.54%	4.16%	8.70%
210024	MedStar Union	\$386,130,697	\$29,198,790	\$21,958,089	\$51,156,878	\$437,287,575	6.68%	5.02%	11.70%
210027	Western MD	\$293,906,629	\$21,467,836	\$15,943,973	\$37,411,809	\$331,318,439	6.48%	4.81%	11.29%
210028	St Mary's	\$169,323,830	\$10,878,237	\$12,607,911	\$23,486,148	\$192,809,978	5.64%	6.54%	12.18%
210029	JH Bayview	\$577,888,000	\$48,978,507	\$27,988,007	\$76,966,514	\$654,854,514	7.48%	4.27%	11.75%
210030	UM-Chestertown	\$50,476,187	\$3,770,763	\$2,959,617	\$6,730,380	\$57,206,567	6.59%	5.17%	11.77%
210032	Union of Cecil	\$142,783,495	\$9,029,343	\$9,869,614	\$18,898,957	\$161,682,452	5.58%	6.10%	11.69%
210033	Carroll	\$196,283,058	\$19,719,790	\$19,221,881	\$38,941,671	\$235,224,728	8.38%	8.17%	16.56%

Hosp ID	Hospital Name	Non-PAU Revenue A	Readmission Revenue B	PQI Revenue C	Total PAU Revenue D=B+C	Total Hospital Revenue E=A+D	% Readmission F=B/E	% PQI G=C/E	% PAU H=F+G
210034	MedStar Harbor	\$166,678,135	\$18,508,974	\$11,866,820	\$30,375,794	\$197,053,929	9.39%	6.02%	15.41%
210035	UM-Charles	\$132,285,309	\$10,199,409	\$8,876,416	\$19,075,825	\$151,361,134	6.74%	5.86%	12.60%
210037	UM-Easton	\$187,936,924	\$11,959,083	\$7,130,502	\$19,089,585	\$207,026,509	5.78%	3.44%	9.22%
210038	UMMC Midtown	\$205,010,123	\$22,137,629	\$12,508,789	\$34,646,418	\$239,656,541	9.24%	5.22%	14.46%
210039	Calvert	\$131,851,278	\$7,432,032	\$9,381,184	\$16,813,217	\$148,664,495	5.00%	6.31%	11.31%
210040	Northwest	\$220,634,165	\$20,973,251	\$20,983,989	\$41,957,240	\$262,591,404	7.99%	7.99%	15.98%
210043	UM-BWMC	\$359,937,624	\$35,289,232	\$25,385,675	\$60,674,906	\$420,612,531	8.39%	6.04%	14.43%
210044	GBMC.	\$436,186,478	\$21,761,845	\$14,941,737	\$36,703,582	\$472,890,060	4.60%	3.16%	7.76%
210045	McCready	\$16,060,388	\$395,109	\$1,007,695	\$1,402,804	\$17,463,192	2.26%	5.77%	8.03%
210048	Howard County	\$269,141,884	\$23,253,196	\$15,978,249	\$39,231,445	\$308,373,330	7.54%	5.18%	12.72%
210049	UM-UCH	\$306,611,923	\$21,116,740	\$16,547,776	\$37,664,516	\$344,276,439	6.13%	4.81%	10.94%
210051	Doctors	\$196,035,947	\$22,818,963	\$18,452,713	\$41,271,676	\$237,307,623	9.62%	7.78%	17.39%
210055	UM-Laurel	\$90,514,175	\$6,139,260	\$4,720,686	\$10,859,945	\$101,374,120	6.06%	4.66%	10.71%
210056	Good Sam	\$247,584,496	\$28,568,836	\$22,314,062	\$50,882,898	\$298,467,394	9.57%	7.48%	17.05%
210057	Shady Grove	\$359,105,683	\$27,052,951	\$15,010,190	\$42,063,140	\$401,168,823	6.74%	3.74%	10.49%
210058	UMROI	\$125,099,231	\$124,314		\$124,314	\$125,223,545	0.10%	0.00%	0.10%
210060	Ft. Washington	\$41,616,978	\$2,492,557	\$4,544,704	\$7,037,260	\$48,654,238	5.12%	9.34%	14.46%
210061	Atlantic General	\$98,901,133	\$4,484,808	\$5,473,522	\$9,958,330	\$108,859,464	4.12%	5.03%	9.15%
210062	MedStar Southern	\$226,782,753	\$24,750,327	\$20,738,341	\$45,488,667	\$272,271,421	9.09%	7.62%	16.71%
210063	UM-St. Joseph	\$384,002,900	\$20,708,579	\$11,795,139	\$32,503,718	\$416,506,618	4.97%	2.83%	7.80%
210064	Levindale	\$54,110,621	\$4,174,995		\$4,174,995	\$58,285,616	7.16%	0.00%	7.16%
210065	HC-Germantown	\$84,357,920	\$7,153,030	\$5,277,822	\$12,430,852	\$96,788,772	7.39%	5.45%	12.84%
	STATEWIDE	\$15,149,341,051	\$1,157,278,565	\$715,599,646	\$1,872,878,211	\$17,022,219,263	6.80%	4.20%	11.00%

Appendix B. Rate Year 2019 PAU Savings Adjustments by Hospital

Hosp ID	Hospital Name	RY18 Permanent Total Revenue (\$)	CY17 PAU %	RY19 PAU Savings Adj.	RY19 PAU Savings Adj. Before Protections	CY17 % ECMAD IP Medicaid/ Self-Pay Charity	RY19 PAU Adj. w/ Protection (%)	RY19 PAU Adj. w/ Protections Revenue (\$)	RY19 PAU Adj. w/ Protections Revenue (\$ normalized to statewide average)	RY19 PAU Adj. w/ Protection (%)	RY18 PAU Savings Adj. w/ Protection (\$)	Net RY19 Revenue Impact (%)	Net RY19 Revenue Impact (\$)
		A	B	C=B*-15.91 ^b	D = A*C	E	F	G = A*F	H=G + (0.06%*A) ^c	I=H/A	J	K=(H-G)/A	L=K*C
210001	Meritus	\$321,955,560	13.48%	-2.14%	-\$6,901,737	19.00%	-2.14%	-\$6,901,737	-\$7,083,787	-2.20%	-\$5,520,664	-0.49%	-\$1,563,094
210002	UMMC	\$1,399,559,924	8.41%	-1.34%	-\$18,719,134	30.59%	-1.34%	-\$18,719,134	-\$19,510,514	-1.39%	-\$13,498,782	-0.43%	-\$6,011,110
210003	UM-PGHC	\$287,707,710	13.91%	-2.21%	-\$6,365,917	43.10%	-1.75%	-\$5,034,885	-\$5,197,569	-1.81%	-\$4,324,396	-0.30%	-\$873,193
210004	Holy Cross	\$489,724,686	10.88%	-1.73%	-\$8,476,147	22.46%	-1.73%	-\$8,476,147	-\$8,753,062	-1.79%	-\$7,893,731	-0.18%	-\$859,467
210005	Frederick	\$338,085,918	14.03%	-2.23%	-\$7,542,765	7.41%	-2.23%	-\$7,542,765	-\$7,733,936	-2.29%	-\$5,067,592	-0.79%	-\$2,666,484
210006	UM-Harford	\$102,314,327	16.54%	-2.63%	-\$2,692,043	18.38%	-2.63%	-\$2,692,043	-\$2,749,897	-2.69%	-\$2,524,681	-0.22%	-\$225,194
210008	Mercy	\$516,410,170	5.33%	-0.85%	-\$4,374,419	24.93%	-0.85%	-\$4,374,419	-\$4,666,423	-0.90%	-\$3,663,552	-0.19%	-\$1,002,869
210009	Hopkins	\$2,352,963,223	8.93%	-1.42%	-\$33,404,112	23.40%	-1.42%	-\$33,404,112	-\$34,734,594	-1.48%	-\$26,672,300	-0.34%	-\$8,061,252
210010	Dorchester	\$49,226,292	16.39%	-2.61%	-\$1,283,415	25.53%	-1.75%	-\$861,460	-\$889,295	-1.81%	-\$725,744	-0.33%	-\$163,530
210011	St Agnes	\$422,820,202	14.66%	-2.33%	-\$9,858,535	23.66%	-2.33%	-\$9,858,535	-\$10,097,618	-2.39%	-\$8,072,607	-0.48%	-\$2,024,886
210012	Sinai	\$752,409,746	8.90%	-1.42%	-\$10,654,796	24.29%	-1.42%	-\$10,654,796	-\$11,080,246	-1.47%	-\$9,124,538	-0.26%	-\$1,955,513
210013	Bon Secours	\$115,902,722	19.97%	-3.18%	-\$3,681,081	60.30%	-1.75%	-\$2,028,298	-\$2,093,835	-1.81%	-\$1,723,772	-0.32%	-\$370,077
210015	Franklin Sq	\$522,059,009	14.60%	-2.32%	-\$12,123,520	27.09%	-1.75%	-\$9,136,033	-\$9,431,231	-1.81%	-\$7,430,356	-0.38%	-\$2,001,052
210016	Wash Adventist	\$265,729,172	13.42%	-2.13%	-\$5,670,509	30.89%	-1.75%	-\$4,650,261	-\$4,800,517	-1.81%	-\$3,898,038	-0.34%	-\$902,416
210017	Garrett	\$54,328,266	7.96%	-1.27%	-\$688,078	16.09%	-1.27%	-\$688,078	-\$718,798	-1.32%	-\$605,944	-0.21%	-\$112,840
210018	Montgomery	\$172,101,071	12.05%	-1.92%	-\$3,297,276	15.60%	-1.92%	-\$3,297,276	-\$3,394,590	-1.97%	-\$2,812,121	-0.34%	-\$582,390
210019	Peninsula	\$431,713,670	10.52%	-1.67%	-\$7,225,018	18.08%	-1.67%	-\$7,225,018	-\$7,469,130	-1.73%	-\$6,792,718	-0.16%	-\$676,495
210022	Suburban	\$313,631,832	9.96%	-1.58%	-\$4,969,593	8.62%	-1.58%	-\$4,969,593	-\$5,146,936	-1.64%	-\$4,484,669	-0.21%	-\$662,390
210023	AAMC	\$609,013,273	8.70%	-1.38%	-\$8,425,293	12.05%	-1.38%	-\$8,425,293	-\$8,769,659	-1.44%	-\$6,881,944	-0.31%	-\$1,887,941
210024	Union Mem	\$421,547,476	11.70%	-1.86%	-\$7,843,828	19.08%	-1.86%	-\$7,843,828	-\$8,082,192	-1.92%	-\$5,756,652	-0.55%	-\$2,325,677
210027	Western MD	\$320,642,519	11.29%	-1.80%	-\$5,758,759	14.49%	-1.80%	-\$5,758,759	-\$5,940,066	-1.85%	-\$4,712,416	-0.38%	-\$1,227,740
210028	St Mary's	\$177,161,733	12.18%	-1.94%	-\$3,432,392	19.88%	-1.94%	-\$3,432,392	-\$3,532,568	-1.99%	-\$2,736,037	-0.45%	-\$796,519
210029	JH Bayview	\$647,476,458	11.75%	-1.87%	-\$12,103,909	29.09%	-1.75%	-\$11,330,838	-\$11,696,953	-1.81%	-\$9,362,447	-0.36%	-\$2,334,800
210030	Chestertown	\$55,473,722	11.77%	-1.87%	-\$1,038,068	12.42%	-1.87%	-\$1,038,068	-\$1,069,436	-1.93%	-\$1,117,206	0.09%	\$47,763

b Required % revenue adjustment in PAU revenue= Savings (-1.75%) / % PAU (11.00%) = -15.91%

c Adjustment to ensure statewide reduction after protection = -1.75 - -1.69% = -0.06%

Hosp ID	Hospital Name	RY18 Permanent Total Revenue (\$)	CY17 PAU %	RY19 PAU Savings Adj.	RY19 PAU Savings Adj. Before Protections	CY17 % ECMAD IP Medicaid/ Self-Pay Charity	RY19 PAU Adj. w/ Protection (%)	RY19 PAU Adj. w/ Protections Revenue (\$)	RY19 PAU Adj. w/ Protections Revenue (\$ normalized to statewide average) ^c	RY19 PAU Adj. w/ Protection (%)	RY18 PAU Savings Adj. w/ Protection (\$)	Net RY19 Revenue Impact (%)	Net RY19 Revenue Impact (\$)
		A	B	C=B* -15.91 ^b	D = A*C	E	F	G = A*F	H=G + (0.06%*A) ^c	I=H/A	J	K=(H-G)/A	L=K*C
210032	Union Cecil	\$158,683,870	11.69%	-1.86%	-\$2,950,207	26.69%	-1.75%	-\$2,776,968	-\$2,866,696	-1.81%	-\$2,359,447	-0.32%	-\$507,312
210033	Carroll	\$225,263,359	16.56%	-2.63%	-\$5,931,532	13.86%	-2.63%	-\$5,931,532	-\$6,058,907	-2.69%	-\$4,341,595	-0.76%	-\$1,717,408
210034	Harbor	\$186,978,444	15.41%	-2.45%	-\$4,584,361	32.62%	-1.75%	-\$3,272,123	-\$3,377,850	-1.81%	-\$2,874,192	-0.27%	-\$503,720
210035	UM-Charles	\$148,909,451	12.60%	-2.00%	-\$2,984,942	18.01%	-2.00%	-\$2,984,942	-\$3,069,143	-2.06%	-\$2,803,843	-0.18%	-\$265,357
210037	UM-Easton	\$202,561,563	9.22%	-1.47%	-\$2,970,792	17.31%	-1.47%	-\$2,970,792	-\$3,085,330	-1.52%	-\$3,096,495	0.01%	\$11,141
210038	UMMC Midtown	\$234,227,770	14.46%	-2.30%	-\$5,385,824	42.17%	-1.75%	-\$4,098,986	-\$4,231,430	-1.81%	-\$3,442,404	-0.34%	-\$789,113
210039	Calvert	\$143,263,199	11.31%	-1.80%	-\$2,577,050	16.67%	-1.80%	-\$2,577,050	-\$2,658,058	-1.86%	-\$2,244,537	-0.29%	-\$413,458
210040	Northwest	\$255,493,814	15.98%	-2.54%	-\$6,493,091	21.66%	-2.54%	-\$6,493,091	-\$6,637,560	-2.60%	-\$5,594,125	-0.41%	-\$1,043,437
210043	UM-BWMC	\$409,703,662	14.43%	-2.29%	-\$9,400,294	17.57%	-2.29%	-\$9,400,294	-\$9,631,961	-2.35%	-\$8,105,616	-0.37%	-\$1,526,146
210044	GBMC.	\$442,204,396	7.76%	-1.23%	-\$5,459,037	10.41%	-1.23%	-\$5,459,037	-\$5,709,081	-1.29%	-\$5,312,059	-0.09%	-\$397,100
210045	McCready	\$15,618,329	8.03%	-1.28%	-\$199,550	14.76%	-1.28%	-\$199,550	-\$208,381	-1.33%	-\$208,250	0.00%	-\$125
210048	Howard	\$298,460,107	12.72%	-2.02%	-\$6,039,326	15.65%	-2.02%	-\$6,039,326	-\$6,208,090	-2.08%	-\$5,035,913	-0.39%	-\$1,172,053
210049	UM-UCH	\$334,751,759	10.94%	-1.74%	-\$5,824,956	11.51%	-1.74%	-\$5,824,956	-\$6,014,241	-1.80%	-\$4,909,071	-0.33%	-\$1,105,016
210051	Doctors	\$239,227,750	17.39%	-2.77%	-\$6,617,541	18.97%	-2.77%	-\$6,617,541	-\$6,752,812	-2.82%	-\$5,306,892	-0.60%	-\$1,445,893
210055	UM-Laurel	\$99,871,376	10.71%	-1.70%	-\$1,701,713	29.71%	-1.70%	-\$1,701,713	-\$1,758,185	-1.76%	-\$1,484,000	-0.27%	-\$274,147
210056	Good Sam	\$264,597,392	17.05%	-2.71%	-\$7,174,724	20.41%	-2.71%	-\$7,174,724	-\$7,324,340	-2.77%	-\$5,845,659	-0.56%	-\$1,478,570
210057	Shady Grove	\$387,674,359	10.49%	-1.67%	-\$6,465,264	19.52%	-1.67%	-\$6,465,264	-\$6,684,474	-1.72%	-\$5,160,898	-0.39%	-\$1,523,560
210058	UMROI	\$120,638,692	0.10%	-0.02%	-\$19,049	24.39%	-0.02%	-\$19,049	-\$87,264	-0.07%	-\$8,357	-0.07%	-\$78,898
210060	Ft. Wash	\$48,244,588	14.46%	-2.30%	-\$1,109,881	18.55%	-2.30%	-\$1,109,881	-\$1,137,161	-2.36%	-\$1,010,796	-0.26%	-\$126,353
210061	AGH	\$105,151,502	9.15%	-1.46%	-\$1,529,962	12.85%	-1.46%	-\$1,529,962	-\$1,589,420	-1.51%	-\$1,180,344	-0.39%	-\$409,039
210062	Southern MD	\$271,260,318	16.71%	-2.66%	-\$7,208,288	21.35%	-2.66%	-\$7,208,288	-\$7,361,672	-2.71%	-\$5,817,602	-0.57%	-\$1,544,014
210063	UM-St. Joes	\$398,711,781	7.80%	-1.24%	-\$4,948,971	11.49%	-1.24%	-\$4,948,971	-\$5,174,422	-1.30%	-\$4,623,341	-0.14%	-\$551,020
210064	Levindale	\$58,867,710	7.16%	-1.14%	-\$670,682	5.70%	-1.14%	-\$670,682	-\$703,969	-1.20%	-\$611,430	-0.16%	-\$92,540
210065	HC-German	\$102,303,760	12.84%	-2.04%	-\$2,089,836	22.10%	-2.04%	-\$2,089,836	-\$2,147,684	-2.10%	-\$1,649,332	-0.49%	-\$498,322
Total	Total	16,292,627,632	11.00%	-1.75%	-285,120,984	21.05%	-1.69%	-275,882,670	-285,120,984	-1.75%	-28,429,107	-0.35%	-56,698,344

Top Quartile= 24.53%

Percentages have been rounded for display but full numbers may be used in calculations. Final scaling percentages are rounded to two decimal places.